**MINUTES**
**of the**
**FOURTH MEETING**
**of the**
**REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**September 23-24, 2013**
**Room 307, State Capitol**
**Santa Fe**

The fourth meeting in 2013 of the Revenue Stabilization and Tax Policy Committee (RSTP) was called order by Senator Carlos R. Cisneros, chair, on Monday, September 23, 2013, at 10:05 a.m. in Room 307 of the State Capitol in Santa Fe.

**Present**
Sen. Carlos R. Cisneros, Chair
Rep. Edward C. Sandoval, Vice Chair
Sen. Sue Wilson Beffort (9/23)
Rep. Anna M. Crook
Rep. Rodolpho "Rudy" S. Martinez
Sen. Mark Moores
Rep. Henry Kiki Saavedra
Sen. Clemente Sanchez
Sen. John Arthur Smith
Rep. James R.J. Strickler
Sen. Lisa A. Torraco
Rep. Jim R. Trujillo
Sen. Peter Wirth
Rep. Bob Wooley

**Absent**
Rep. Brian F. Egolf, Jr.
Sen. Timothy M. Keller
Sen. William E. Sharer
Rep. Thomas C. Taylor

**Designees**
Sen. Jacob R. Candelaria (9/23)
Rep. Ernest H. Chavez
Rep. Jason C. Harper (9/24)
Rep. Bill McCamley (attending as a guest 9/24)
Rep. Luciano "Lucky" Varela (attending as a guest 9/23)

Rep. Donald E. Bratton
Sen. William F. Burt
Rep. Miguel P. Garcia
Sen. Phil A. Griego
Rep. Sandra D. Jeff
Sen. Gay G. Kernan
Rep. Tim D. Lewis
Sen. George K. Munoz
Rep. Paul A. Pacheco
Rep. Dennis J. Roch
Rep. Debbie A. Rodella
Sen. Nancy Rodriguez
Sen. John M. Sapien
Rep. Carl Trujillo
Sen. Pat Woods

(Attendance dates are noted for members not attending the entire meeting.)

**Staff**
Pam Stokes, Staff Attorney, Legislative Council Service (LCS)
Amy Chavez-Romero, Assistant Director for Drafting Services, LCS
Tessa Ryan, Staff Attorney, LCS
Jennifer Dana, Intern, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**<u>Monday, September 23</u>**

**Revenue Forecast**

Leila Burrows, chief economist, Department of Finance and Administration (DFA), Elisa Walker-Moran, chief economist, Taxation and Revenue Department (TRD), and Peter van Moorsel, economist, Legislative Finance Committee (LFC), reported on the general fund revenue forecast prepared by the Consensus Revenue Estimating Group. The group comprises economists from the DFA, the LFC, the TRD and the Department of Transportation (DOT). The group projected that general fund revenues would approximate $5.65 billion for fiscal year (FY) 2013 and $5.78 billion for FY 2014.

Ms. Burrows outlined certain national economic factors upon which the consensus revenue forecast is predicated. For instance, Ms. Burrows explained that gross domestic product growth is expected to improve and that low interest rates will support business investment, construction and demand for durable goods. According to Ms. Burrows, job growth is expected to improve, with an expected national unemployment rate of 6% at the end of FY 2015.

Next, Ms. Burrows provided an overview of a number of New Mexico economic indicators. Overall, Ms. Burrows stated that the state's economy moved from stagnation to growth in the spring of 2013. She stated that the housing market has improved, as demonstrated by a 15% rise in building permits in the first half of 2013. Taxable gross receipts have shown continued strength, and New Mexico's unemployment rate of 6.7% is lower than the national average of 7.6%.

Ms. Burrows discussed the status of New Mexico's energy markets. She highlighted that New Mexico crude oil prices are expected to average $87.00 per barrel (bbl) in FY 2013, $94.00 per bbl in FY 2014 and $87.50 per bbl in FY 2015. Ms. Burrows explained that the crude oil price spike in FY 2014 is attributable, in part, to ongoing crises in Egypt. The consensus group further predicts that crude oil production will increase gradually over the next few years.

Ms. Burrows additionally discussed the status of natural gas prices in New Mexico. She stated that natural gas prices are expected to average $4.50 per thousand cubic feet (mcf) in FY 2013, which is $0.50 per mcf lower than FY 2012 levels. The consensus forecast predicts that natural gas prices will average $5.00 in FY 2014 and $5.40 in FY 2015. Yet, natural gas production declined in FY 2013, and is expected to decline by 4.7% in FY 2014 and 3.6% in FY 2015.

Ms. Walker-Moran informed the committee that the general fund revenue estimate was revised from the revenue forecast produced in December 2012. For FY 2013, the general fund revenue estimates were revised downward by $96 million and for FY 2014, the estimates were revised downward by $73 million. Ms. Walker-Moran pointed out that the forecast is marked by uncertainty and has been revised for several reasons, including federal fiscal sequestration. Ms. Walker-Moran stated that other factors that resulted in revised general fund expectations included unexpected increases in high-wage jobs tax credit claims and reductions in professional, scientific and technical services gross receipts.

Ms. Walker-Moran identified negative risks to the forecast, including potential federal actions, such as sequestration and uncertainty surrounding implementation of the federal Patient Protection and Affordable Care Act. Ms. Walker-Moran noted that the August forecast does not adjust for a potential sequestration of federal mineral leasing in federal FY 2014, but this could reduce forecasted revenues by an additional $18 million in FY 2014 and $6 million in FY 2015. Ms. Walker-Moran indicated that positive risks to the forecast include potential for stronger growth in personal income tax and corporate income tax revenues, plus interest rate increases.

Ms. Burrows updated the committee on severance tax bonding capacity. She stated that severance tax bonding capacity was reduced from the amount provided in the December 2012 forecast due to an anticipated reduction in severance tax collections. Total senior severance tax bond capacity in FY 2014 is estimated to be $286.4 million, with $186.2 million of that amount expected to be available for new capital projects authorized during the 2014 legislative session. Earmarked appropriations for FY 2014 include: $28.6 million for Water Trust Board projects; $14.3 million each for colonias and tribal infrastructure projects; $38 million for previously authorized projects for which bonds have not yet been issued; and $5 million for projects funded in August 2013 through series 2013S-C bonds. Total supplemental severance tax bond capacity available for public school facilities is expected to be $175 million in FY 2014. Ms. Burrows added that by targeting a flat property tax mill levy of 1.36 mills, the amount available for appropriation from the general obligation bond program is expected to be $165 million for the 2014 legislative session.

Mr. van Moorsel provided the committee with the LFC's report on the consensus revenue estimate, noting that the LFC's report shows revisions made to the general fund revenue estimates in February 2013. Mr. van Moorsel highlighted the report's discussion of the possible risk of loss of tobacco settlement payments due to a legal challenge from cigarette manufacturers participating in the Master Settlement Agreement. He said that since the report was produced, an adverse ruling would negatively affect New Mexico's tobacco settlement payments for 2014 and that future tobacco settlement payments could be adversely affected.

Committee members discussed related issues with Ms. Burrows, Ms. Walker-Moran and Mr. van Moorsel, including:

- concerns about federal sequestration and amounts set aside to prepare for it;
- concerns about volatile oil and gas revenues;
- the effects of oil and gas production and federal sequestration on high-paying jobs in the state;
- trends in government growth, including flat or declining growth for state and local governments;
- the possible impacts of 2014 tax legislation on general fund revenues;
- the possible impacts of premium taxes on general fund revenues;
- the possible impacts of Patient Protection and Affordable Care Act implementation on general fund revenues;
- the uncertainty concerning reduced tobacco settlement revenues to the general fund; and
- whether any statutory changes are necessary to prevent future loss of tobacco settlement revenues and the changes that have been made to prevent those losses.

**State Road Fund Update**

Tom Church, secretary-designate of transportation, and Clinton Turner, chief economist, DOT, presented a State Road Fund forecast update. Mr. Turner indicated that the update is one of two annual forecast updates to DOT revenues. The next will be released in January 2014.

Mr. Turner listed the four major sources of revenue for the State Road Fund, which are gasoline taxes, special fuel taxes, weight distance taxes and vehicle registrations. Secretary-Designate Church said that, while previously forecasted FY 2014 State Road Fund revenues are expected to decrease slightly from $379.8 million to $379.45 million, FY 2015 revenues are expected to approximate $381.4 million. The projected FY 2015 revenues reflect a $1.55 million — or .4% — difference from FY 2014 projected revenues.

Secretary-Designate Church highlighted that the DOT's report also includes projections for other funds administered by the DOT, such as the State Aviation Fund. Mr. Turner pointed out that the projected revenue for the State Aviation Fund has increased significantly since the DOT's last estimate, due to recently passed legislation that will require gross receipts tax distributions to be made to the fund. The DOT projects that revenues for the funds it administers will rise by $2.27 million — or .5% — from FY 2014 to FY 2015.

Mr. Turner concluded the DOT's testimony with a presentation of a graph showing growth trends in the general fund and the State Road Fund relative to New Mexico population growth. He highlighted that New Mexico's population has grown by 60% since 1985. Meanwhile, the general fund has grown by 110% and the State Road Fund has decreased by 40%.

Committee members discussed several issues with Secretary-Designate Church and Mr. Turner, including:

- the availability of federal money to rebuild or repair New Mexico highways and roads affected by recent flooding;

- previous efforts to increase taxes for highway construction, including Governor Richardson's Investment Partnership (GRIP);
- the inability to use GRIP money for operations;
- options, in light of limited revenue growth, to satisfy New Mexico's infrastructure needs, including the imposition of mileage fees in lieu of gasoline taxes and the issuance of severance tax bonds;
- the efforts of the Transportation Infrastructure Revenue Subcommittee to identify revenue sources for New Mexico's highways and roads; and
- the status and stability of bridges that the DOT oversees.

**Reforming the Gross Receipts Tax**

Richard Anklam, president and executive director, New Mexico Tax Research Institute, and Helen Hecht, tax counsel, Federation of Tax Administrators, reported on New Mexico's gross receipts tax system and an analysis of the general structure of modern tax systems.

Mr. Anklam explained that modern state tax systems are typically characterized as "three-legged stools" supported by property, income and consumption tax systems. Property tax systems typically are based on ad valorem taxes, which are calculated using the value of the subject item. Mr. Anklam indicated that property taxes are usually imposed by local governments and are more stable than other taxes. According to Mr. Anklam, property tax revenues tend to be less affected by economic trends.

Mr. Anklam explained that income taxes are imposed by federal and state governments and are usually taxes on wages, earned income, investment returns and profits. He said that income taxes tend to be the most volatile taxes. For instance, in the second quarter of 2009, state income taxes, on average, declined by 28%. Mr. Anklam further stated that corporate income taxes are the most volatile of all state taxes.

Mr. Anklam said that consumption taxes include sales taxes and excise taxes. The legal incidence may fall on the purchaser or seller, but the economic incidence often is intended to fall on the consumer. Mr. Anklam pointed out that consumption taxes are susceptible to pyramiding.

Property taxes, according to Mr. Anklam, are the simplest taxes for governments to administer. Usually, no report filing is required for real property taxes, and only annual reports are required for tangible personal property taxes. Moreover, the values on which property taxes are based tend to remain stable and are predicated on accepted academic and economic principles, not statutory formulas. Mr. Anklam noted that property tax collection can be problematic when property owners lack the means to pay the assessed tax. Moreover, Mr. Anklam stated that local government property tax administration can present other challenges.

With respect to income taxes, Mr. Anklam stated that New Mexico, like most states, piggybacks on federal law to determine the tax base. Most income tax returns are filed by households with relatively simple returns. Pass-through entities are generally not taxed at the entity level, although a few states have imposed taxes directly on those entities. Mr. Anklam stated that corporations have more complex filing requirements than individuals, and identifying the state in which income is earned is typically the greatest challenge for corporate income tax filers.

Mr. Anklam stated that sellers are required to collect and report consumption taxes. Sellers, not purchasers, maintain records of the transactions subject to the taxes. Sourcing can become complicated for some types of sales. Mr. Anklam elaborated that under United States Supreme Court holdings, states cannot collect consumption taxes from certain remote sellers. Thus, collecting consumption taxes on internet and mail-order sales can be problematic.

Ms. Hecht described how other countries impose consumption, property and income taxes. For instance, she noted that the Organization for Economic Cooperation and Development (OECD) reported that in 2012 consumption taxes constituted, on average, 31% of total government tax revenues. One hundred fifty countries have imposed a value-added tax, and of the 34 OECD member countries, 33 have value-added taxes. The United States is the only OECD member country without a national value-added tax.

Ms. Hecht stated that, according to the OECD, individual and corporate income taxes constituted, on average, 33% of total international government tax revenues in 2012. Personal income taxes accounted for 24% of income tax revenues, while corporate income taxes accounted for the remaining 9%.

Ms. Hecht noted that in the United States, the "three-legged stool" exists to the extent that the tax systems of the local governments, states and the federal government are aggregated. The federal government relies on income and payroll taxes, while the states rely on sales and income taxes. Local governments rely primarily on property taxes. Ms. Hecht said that about 60% of all tax revenue in the United States is collected by the federal government, while 21% is collected by the states and about 19% is collected by local governments. At the state and local levels, property taxes account for 33% of revenue, income taxes about 25% and consumption taxes about 34%. Ms. Hecht said that all states impose some form of consumption tax, but not every state imposes a general sales tax.

Ms. Hecht described some common characteristics of income, property and consumption tax schemes among the states. For instance, Ms. Hecht indicated that all states impose lower personal income tax and corporate income tax rates than those imposed by the federal government. Moreover, states do not rely heavily on property taxes, and such taxes are mostly intended to be collected by local governments. Ms. Hecht stated that consumption taxes are controlled the most by state governments and that most states have room to expand the tax base. However, Ms. Hecht noted that consumption taxes are regressive and difficult to enforce with remote sellers. In addition, consumption taxes are subject to pyramiding issues.

Citing a 2012 report by the Federation of Tax Administrators, Ms. Hecht stated that New Mexico ranked twenty-sixth among the states in collected revenue per capita. New Mexico ranked lower than most states with respect to personal income tax revenues and higher than most states with respect to gross receipts tax revenues.

Ms. Hecht provided the committee with a summary of the recent history of the gross receipts tax. She stated that since the early 1990s, the gross receipts tax base has eroded due to pressures to grant taxpayers exemptions from the tax. Ms. Hecht said that this pressure was exacerbated because New Mexico's gross receipts tax was imposed on items that other states did not tax. Ms. Hecht stated that New Mexico's gross receipts tax system became increasingly different from other state tax systems when the streamlined sales tax effort began in 1999. While New Mexico's gross receipts tax system does not fit the streamlined sales tax template, 26 other states have conformed to that uniform system.

Ms. Hecht provided a detailed description of New Mexico's gross receipts tax system, noting that the system includes the compensating tax, municipal and county gross receipts taxes, tribal taxes, special state taxes and tax credits. She stated that the compensating tax is intended to keep consumers from purchasing items out of state in an effort to avoid payment of the gross receipts tax. Special state taxes include excise taxes such as the governmental gross receipts tax, interstate telecommunications gross receipts tax, leased vehicle gross receipts tax and surtax and the telecommunications relay service surcharge.

Ms. Hecht stated that, in her opinion, the gross receipts tax system is imperfect. She stated that the gross receipts tax is overly broad and creates economic interference through pyramiding. She further stated that the tax is inefficient and might have negative consequences on economic development. She suggested that if a gross receipts tax is not imposed at a low rate, it can become distortive. Thus, she stated, New Mexico's gross receipts tax is too high. In addition, Ms. Hecht mentioned that overreliance on ad hoc measures, such as credits, can result in reduced transparency and fairness. Finally, Ms. Hecht highlighted other issues with the gross receipts tax system, including regressivity and local government dependence on gross receipts tax revenues.

According to Ms. Hecht, a number of reforms could improve New Mexico's tax system. She suggested that implementation of a pure sales tax, as opposed to a gross receipts tax, would be one solution. She said that this solution is simple, would restore consumption to the tax base and would eliminate business-to-business service taxation. Ms. Hecht added that conformity with the streamlined sales tax project could be advantageous.

Another solution for improvement of New Mexico's tax system, according to Ms. Hecht, is implementation of a "true" gross receipts tax. Such a tax would be characterized by rates below 1%. It would also not be subject to most exemptions and deductions. Ms. Hecht stated that despite the potential advantages of a lower gross receipts tax, detriment to local government finances, a negative fiscal impact and increased regressivity could result.

Ms. Hecht discussed trends in other state tax systems. She said that other states have attempted to expand their tax bases by taxing services and digital goods and have replaced certain taxes with an expanded sales tax. Ms. Hecht highlighted that many states have joined the Streamlined Sales and Use Tax Agreement and are attempting to persuade Congress to permit them to collect sales taxes from remote sellers. Senate Bill 743, which passed the U.S. Senate with bipartisan support but is pending in the U.S. House, proposes to enact the Marketplace

Fairness Act. That act would grant states the authority, when certain conditions are met, to require remote sellers to pay sales tax at the time of a transaction. Another bill would enact the Digital Goods and Service Tax Fairness Act, which would specify how and when states could tax digital goods and services.

Mr. Anklam indicated that a comprehensive plan would be necessary to improve the state's gross receipts tax system. He suggested that it might be beneficial to craft a new system, which could include a basic consumption tax that fits within New Mexico's overall system. He said that issues such as digital goods, imported services and exportation and importation rules would likely need to be addressed.

Committee members discussed a number of issues with Mr. Anklam and Ms. Hecht, including:

- advantages and disadvantages of certain approaches to stabilize tax revenue, including imposition of a general sales tax and examination of property taxes;
- the implications of New Mexico's ranking among the states with regard to per capita tax revenues collected;
- efforts to study New Mexico's gross receipts tax system in the context of other New Mexico taxes;
- instances in which gross receipts pyramiding affects consumption and economic growth;
- the difficulty in ascertaining any relationship between elimination of gross receipts tax pyramiding and economic growth; and
- the possible fiscal impact of a transition to a pure sales tax and options to phase in that transition.

**Approval of Minutes**

Upon a motion made and seconded, the minutes of the August RSTP meeting were approved without any changes.

**Laboratory Partnership with Small Business Tax Credit Annual Report**

Genaro Montoya, New Mexico small business assistance program manager at Sandia National Laboratories, Belinda Snyder, economic development program manager at Los Alamos National Laboratory, and Bruce McCormick, owner of SAVSU Technologies, introduced themselves to the committee. Mr. Montoya and Ms. Snyder reported to the committee on the small business assistance program. The program stems from the Laboratory Partnership with Small Business Tax Credit Act, which is intended to promote economic development in the state, particularly in rural regions.

Together, the laboratories serve as a catalyst for the transfer of cutting-edge technology to a variety of small businesses. The TRD administers the program, and program representatives consult with the secretary of economic development to improve program operations. A third-party entity conducts surveys and collects data on the program's economic impact and customer satisfaction.

Mr. Montoya cited some program-related statistics:

- from 2000 to 2012, 2,036 small businesses, 65% of which were in rural areas, received $34.3 million in assistance;
- in that time, 3,510 jobs were created or retained and there was a $172.5 million increase in revenue, a $78.9 million decrease in operating costs, a $56.4 million investment in New Mexico goods and services and $59.6 million in new funding and financing; and
- for 2013, it has been projected that 315 to 350 small businesses will receive $4.3 million to $4.7 million in assistance.

Ms. Snyder described program goals. One is to concentrate on solving small businesses' needs while maximizing projects' economic benefits. Another is to keep the program aligned with its original purpose, with the state's current economic development strategies and with the two laboratories' technology transfer and commercialization objectives.

Ms. Snyder articulated the program's industry-specific focuses, which include the following.

- **Agriculture** — The labs have interacted substantially with the agricultural industry, particularly in the area of water management. Both laboratories have evaluated water quality and consulted with industry businesses on irrigation, reservoir and water conservation needs. Other projects have addressed bovine health and dairy waste streams.
- **Oil and Gas** — Primarily, projects have focused on developing technologies to treat and reuse water in order to reduce disposal costs and save energy and ground water.
- **Renewable Energy** — Projects have focused on biofuel production, solar-thermal and wind-turbine design and evaluating production and distribution.
- **Manufacturing** — The laboratories have helped a diverse range of companies at the start-up and improvement stages.
- **High Tech** — Small businesses that have received assistance include those in the bio-tech, advanced manufacturing and scientific-services fields. Lab expertise has helped to improve performance and design.

Mr. McCormick related how the program was instrumental in his company's development of a passively cooled storage container that can help to improve the health of people in developing countries. He received a grant from the program to develop a high-performance cooler to store vaccines in places otherwise lacking in the resources necessary to maintain the conditions that the vaccines require.

**Recess**

The committee recessed at 3:20 p.m.

**<u>Tuesday, September 24</u>**

The committee reconvened at 9:34 a.m. with Senator Cisneros chairing the meeting.

**Tax Expenditure Oversight and Replacing the Gross Receipts Tax with a Sales Tax**

Representatives Harper and McCamley spoke on ways to potentially improve New Mexico's tax policy. They presented ideas that the two cultivated during the 2013 session and in continued conversations with each other and Mr. Anklam. Their discussions focused on improving the business climate in revenue-neutral ways.

The presentation initially highlighted four proposed structural changes. The first would establish a system to analyze the effectiveness of proposed and enacted exemptions, deductions and credits. This work could be conducted in standing committees. Committee members suggested that such efforts would be more effectively carried out if performed in collaboration with the LFC and committee analysts. Representatives Harper and McCamley reviewed some examples that illustrate the potential obsolescence of certain existing tax measures and stressed that they were not advocating for any particular change, but rather for concerted efforts to examine existing laws' utility. Secretary of Taxation and Revenue Demesia Padilla, who was in the audience, commented in reference to the first proposed structural change that the department's tax expenditure report would be updated in October and presented to the committee at its next meeting.

The second structural change would involve standardizing and simplifying taxes, partly through a broadening of the tax base and a flattening of the tax rate. The third change would make tax incentives transparent and measurable so that their effectiveness could be more easily analyzed. Lastly, a measure to sunset all tax legislation would ensure that tax benefits are reviewed periodically for their effectiveness. A committee member commented that sunset clauses might not be useful in all situations; sometimes interests in predictability and stability outweigh the interest in periodic scrutinizing for effectiveness.

Representatives Harper and McCamley next proposed a second major tax policy change: eliminating tax pyramiding by shifting from a gross receipts tax to a sales tax. They stressed that many experts agree that the state's gross receipts tax deters business activity and economic growth, and they added that any approach should have a revenue-neutral impact. They concluded by recognizing that the effects of such a shift on those who in the current system are exempted from paying tax and on local governments that rely on proceeds from the gross receipts tax should be considerations informing the discussion.

Several committee members commended the representatives for their interest in reforming the state's tax system. Committee members also revealed their observations of and reflections on past attempts to reform the state's tax policy, including the following.

- Many who benefit from the existing system apply pressure to preserve the status quo, making efforts to narrow the gap between those who pay a lot in taxes and those who pay little or nothing (especially not-for-profit organizations) politically difficult.
- Efforts to expedite movement of legislation through the political process often result in laws that are susceptible to unintended exploitation.
- The governor has previously stalled efforts to effect some proposed changes discussed and, without her agreement, could stand in the way of others.
- Acceptable changes would preserve the reliability and adequacy of the state's revenue

streams.

- While tax regressivity is widely considered undesirable, tax progressivity can also be detrimental. Balance among all tax revenue sources should be sought.
- Tax reform has mostly been implemented in piecemeal, not in a more ideal, holistic fashion.

Committee members further commented that the upcoming 30-day session will limit the opportunity to effectively promote comprehensive changes, but it is nevertheless a time in which the discussion of a tax reform proposal by members of relevant committees and legislative bodies can occur. Committee members also recommended that any large-scale tax-reform effort be well organized, intellectual, gradual, implemented in stages and nonpartisan.

Senator Cisneros closed by requesting the presenters to have draft legislation prepared for distribution and discussion at the committee's next meeting.

**Gross Receipts Deduction for Durable Medical Equipment and Medical Supplies**

Richard Minzner, a lobbyist who represents home medical equipment specialists and purveyors of durable medical equipment, reviewed the status of past and current efforts to create a gross receipts tax deduction for sales of durable medical equipment and medical supplies. The deduction would create parity in tax treatment of prescription drugs and prescription medical equipment.

In the past several years, the idea of creating the deduction has been brought before the committee. In the past two years, a bill that would create this deduction has been vetoed. The executive message concerning the veto of the last session's bill expressed that the reason for the veto was the presence of an overexpansive sunset clause. Meanwhile, many affected businesses have gone out of business in part because they cannot pass the tax on to the payer, which in many cases is the Medicaid system.

Mr. Minzner indicated that he has been working with the governor on the sunset clause issue and would request the committee's endorsement of a new bill to the committee at a future meeting.

**Adjournment**

There being no further business, the RSTP adjourned at 11:05 a.m.